GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5852
ANSWERED ON:03.05.2002
OPENING OF BANK BRANCHES
AMBATI BRAHMANAIAH

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have any plans to encourage banks to open branches in -States where the ratio of banks to population is more than 1 :25000;

(b) if so, the plans of the Government to extend some incentive to banks to open branches in less served areas;

(c) whether any interest subsidy will be provided by the Government for the first five years of a new branch commencing its operations; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N.RAMACHANDRAN)

(a): The Reserve Bank of India (RBI) has reported that the Average Population Per Branch Office

(APPBO) for the country stands at 15000 as on 31st December, 2001. There is. only one Statewhere the APPBO is above 25000 viz., Manipur. There are 12 States which have the ratio of population per branchoffiee more than the national average. Under the extant policy, opening of bank b(anches has been left to the discretion of the banks, which depends on various factors such as topograptly, availability ofinftastructure (roads, electricity, water supply and premises), availability of business . etc. at a particular centre.

(b) .(c) & (d): RBI have advised banks to give.pre~e to opf(ning of new branches in hilly/sparsely populated areas. There is no plan to give any ~entivf(S or give interest subsidy to banks for opening branches.